

**Office of Economic Development
Economic Development Advisory Board
MEETING MINUTES**

Date: December 7, 2010: **Time:** 7:30 A.M.

MEMBERS PRESENT

Christian Alder
Terry Benelli
Jared Langkilde
Jim LeCheminant
Jeff Pitcher
Jo Wilson
Steve Wood

EX-OFFICIO

Mayor Scott Smith (excused)
Chris Brady (excused)
Brian Campbell
Jeff Crockett
Charlie Deaton
Steve Shope (unexcused)

STAFF PRESENT

Betsy Adams
William Jabjiniak
Jaye O'Donnell
Patrick Murphy
Scot Rigby

MEMBERS ABSENT

Rich Adams (excused)
Steve Parker (excused)

GUESTS

None

1. Chair's Call To Order

Chair Jeff Crockett called the December 7, 2010 meeting of the Economic Development Advisory Board to order at 7:32 A.M. at the City of Mesa Council Chambers, Lower Level, 57 E. 1st Street, Mesa, AZ 85201.

2. Items from Citizens Present

None

3. Approval of Minutes from November 2, 2010 board meeting.

Chair Crockett called for a motion to approve the minutes from the meeting held on November 2, 2010.

MOTION: Jo Wilson moved that the minutes from November 2, 2010 be approved as written.

SECOND: Christian Alder

DECISION: Passed unanimously.

4. Report on Local Redevelopment Agency (LRA)

Mr. Patrick Murphy explained the Homeless Submission Report (HSR) has been completed and there were no Notice of Interest (NOI's) received from any Homeless Providers. A letter of interest was received that was later withdrawn. The Homeless Submission Report discusses priorities, and programs for the Homeless that are outlined

in the City of Mesa's approved 5-Year Consolidated Plan. The Homeless Submission Report delineates Council priorities for emergency shelter facilities, and transitional shelter facilities. The Homeless Submission Report also discusses the recommendations of the "Draft" Redevelopment Plan.

The "Draft" Redevelopment Plan has been completed and includes an examination of the Mesa and regional economy, and real estate market survey. Current conditions in the Phoenix-Mesa area, and specifically Mesa commercial market are difficult, however the long term trends for Mesa are strong.

The analysis noted in the Plan indicates the Air Force Research Lab (AFRL) is not ideally located, the buildings are old or outdated, and were built for a specific use. However the Plan also points out the critical component of the AFRL which is the ability to do specialized research and the specialized construction (i.e. copper roofs, etc.) of the existing buildings. The ability to conduct this type of specialized research is desired by various defense contractors and it is towards this end that an Interim Lease is attempting to be negotiated.

The Plan discusses reuse alternatives culminating in the discussion for the preferred alternative. The discussions regarding the alternatives will include pros and cons. The preferred alternative is to obtain an Economic Development Conveyance (EDC) and market the property to those companies such as Aerospace Defense Contractors, etc. that require specialized research capabilities.

The preferred alternative would implement the vision/goals of the LRA while maximizing reuse of the facility by capitalizing on specialized research capabilities.

The second (2) alternative would be the ASU NOI Submittal as a Public Benefit Conveyance (PBC) for educational purposes, but was not recommended as it does not capitalize upon the reuse of the AFRL's unique structures or ability to conduct specialized research. This alternative does not address job creation and long-term economic growth, however, ASU and similar institutions would be a valuable partner with the reuse of the AFRL.

The third (3) alternative would be to market the property for typical office and industrial users. This alternative is not recommended because the recruitment of typical office and industrial users in all likelihood would not be successful. The AFRL buildings will not compete with the existing abundant supply of office and industrial space that are newer and are near superior freeway locations.

The next steps in the process are to meet with the Local Redevelopment Authority (LRA) on December 13, 2010 for a briefing and then hold a Public Meeting to discuss/review the "Draft" Documents on December 16, 2010. The timeframe allowed for public comments to be submitted will be until January 13, 2011. The LRA and City Council will be asked to make a recommendation on the Redevelopment Plan and Homeless Submission Report on January 24, 2011. The EDAB LRA Subcommittee will be meeting within the month to provide guidance and comments regarding the "Draft" Redevelopment Plan and Homeless Submission Report.

Mr. Brian Campbell suggested taking the time to review the documents and make certain it is properly packaged for the long-term, but also staying with the time frame allotted.

Chair Crockett thanked Mr. Murphy and Mr. Campbell for all their hard and excellent work.

Mr. Murphy thanked the staff and EDAB Board for their support and help during this endeavor. He stated that he could not have met the timeframes and accomplished the necessary steps without their help and support.

5. Report on Gateway Airport Activities

Mr. Scot Rigby commented on the Phase One (1) extension of Gateway Airport Terminal and its Grand Opening on November 9th. The extension added 25,000 square feet of terminal space along with two (2) more gates for a total of six (6) gates servicing 900,000 passengers. Phase Two (2) construction is projected to start in the Summer of 2011 with an additional two (2) gates added for a total of eight (8) gates. This expansion will add an additional 35,000 square feet of space, several more baggage claim areas and the ability to handle 1.2 million passengers a year. The completion date is scheduled for the fall of 2012. To handle this growth, the airport started construction on a new 1,900 space parking lot located near the entrance to the airport on Ray and Sossaman Road. Gateway has come a long way with airline service being added just three (3) short years ago with service provided to only one (1) destination twice a week and now has three hundred-fifty (350) flights a month with twenty-seven (27) destinations. Gateway is one of the fastest growing airports in the country and high on the list for Federal funding.

He stated that inquiries have begun as to when the terminal will be moving from the westside to the planned eastside location. The ideal situation is to recruit additional one (1) or two (2) airlines to be able to make the move from the westside to the eastside. One of the challenges is not to make the move on the back of just one (1) airline, but to have additional airlines in order to help handle the ups and downs of the different airlines and to give enough mass as to justify the capital investment on the eastside. Terminals are fairly easy to build, expensive, but to move over to the eastside is more about the aprons, the taxi ways, the roads, the utilities just to get to that terminal. The move to the eastside is estimated to occur in 2016 or 2017.

Also at Gateway there are capital projects nearing completion and several capital projects are about to begin at ASU and Chandler-Gilbert Community College (CGCC). CGCC will be opening Engel Hall (Student Union and meeting space) in February 2011. CGCC is rapidly approaching 4,000 students in attendance and is often overlooked in the shadow of ASU, but doing tremendous work especially with the employers such as Cessna, Embraer and Hawker.

Beginning in the Spring of 2011, a City of Mesa Capital Improvement Project (CIP) will be started on ASU Innovation Way (formerly Ring Road) which will be replacing all water/wastewater trunk lines and creating a new loop road.

ASU recently hired a consultant and is in the process of finalizing the design of their Student Dining and Recreation Facilities. Phase 1 construction includes a residence hall with three hundred (300) beds with a May 2011 groundbreaking and opening targeted for the Fall of 2012. The following three (3) Phases will include an additional 300 beds each. These Phases will be done over the next four (4) to five (5) years.

The East Valley Institute of Technology (EVIT) is developing a Gateway Campus by subleasing from ASU Poly. Phase 1 includes creating a 70,000 square foot facility focused on hospitality and aviation sectors. The idea is that a high school student can start their aviation training at EVIT, graduate and move on to a community college and from there move on to ASU.

Mrs. Jo Wilson commented that in January 2011 a new bus route will start from MCC Red Mountain to Gateway and ASU, but does not continue on to the terminal for residents traveling to and from the Gateway Airport.

Mrs. Terry Benelli inquired about the intended reuse of the current terminals once the move is made from the westside to the eastside.

Mr. Rigby responded that the buildings were purposely built in square sections with the idea that they could/would be separated into sections for other businesses once the new eastside terminal was built.

Mr. Charlie Deaton commented that the newly formed East Valley Aviation Aerospace Alliance (EVAAA), which is in partnership with East Valley Partnership, and is modeled after the Friends of Sky Harbor. The intended purpose will be to keep the public informed of what is happening in aviation and how critical it is to the economy. Within the next year the public will become more aware of the types of things going on not only here in Mesa, but throughout the East Valley.

Mr. Jabjiniak commented that this report on the activities at Gateway Airport is currently just a handful of activities. There is a variety of activity taking place. Some of the creativity talked about over the last several years is beginning to develop at Gateway. Mr. Rigby has done a tremendous job at Gateway over the last several years.

Chair Crockett inquired as to how the EDAB Board could assist Gateway Airport. He also commended Mr. Rigby for his outstanding work.

Mr. Rigby responded that the EDAB Board could help by continuing to promote, defend aviation and support the Gateway area. It is better to be proactive than reactive.

6. Further review, discuss and supplement recommendations to the City Council regarding CDBG Funding utilizing the Neighborhood Services Point System – Discussion/Possible Action

Mrs. Terry Benelli recused herself from all discussion/action.

Mr. Brian Campbell discussed the prioritization of the Economic Development applications that were completed by EDAB on November 2, 2010 and were subsequently presented to the City Council. Mr. Campbell stated that the City Council requested EDAB rate the applications utilizing the Neighborhood Services Point System. The rating system used by Neighborhood Services was previously unknown to EDAB when tasked with prioritizing them before.

Mr. Campbell, due to the time constraint for this process to be accomplished, rated the applications using the prioritizations approved by the EDAB Board and the newly

acquired Neighborhood Services Point System ratings. The plan of action is to present to the Community and Neighborhood Services Committee at their next meeting scheduled for Monday, December 13, 2010.

The ratings under the prior prioritization ranking of A, B and C and using the Neighborhood Point System are as follows:

Priority A

1. City of Mesa Downtown Project Manager rated at 80
2. 51-55 E. Main Street rated at 79
3. NEDCO- Business Development Program rated at 78
4. NEDCO-Light Rail Business Assistance Program rated at 77
5. 225 E. Main Street, Tenant Improvements rated at 77

Priority B

1. West Mesa CDC – Economic Development Program rated at 75
2. Maricopa Community College District Small Business Development Center (M³SBDC) – Mesa Minority/Micro Small Business Development Center rated at 75

Priority C

1. City of Mesa Economic Development – Sprinkler Cost Assistance Program rated at 69
2. NEDCO - The Business Development Revolving Loan Fund rated at 68

After several minutes of discussion and review a consensus was unanimously agreed upon the order of prioritization and rankings/ratings which was acknowledged by Chair Crockett.

A motion was made as follows:

MOTION: Mrs. Jo Wilson moved that the unanimous consensus be supported and accepted along with the rankings/ratings system using the order of the A, B and C priority ratings sections rated and provided by Mr. Brian Campbell.

Priority A

1. City of Mesa Downtown Project Manager rated at 80
2. 51-55 E. Main Street, Improvements rated at 79
3. NEDCO – Business Development Program rated at 78
4. NEDCO – Light Rail Business Assistance Program rated at 77
5. 225 E. Main Street, Tenant Improvements rated at 77

Priority B

1. West Mesa CDC – Economic Development Program rated at 75
2. Maricopa Community College District Small Business Development Center (M³SBDC) – Mesa Minority/Micro Small Business Development Center rated at 75

Priority C

1. City of Mesa Economic Development – Sprinkler Cost Assistance Program rated at 69
2. NEDCO – The Business Development Revolving Loan Fund rated at 68

SECOND: Mr. Jim LeCheminant

DECISION: Passed unanimously with Mrs. Terry Benelli being recused.

7. Discuss and recommend Phase 2 Scope of Work for Higher Education Recruitment Strategy

Mrs. Jaye O'Donnell commented that Mesa recently completed a market feasibility study regarding the location of higher education institutions in Downtown Mesa. The feasibility study concluded that Higher Education is a desirable component in Downtown and a financially attractive investment for the City of Mesa to pursue.

The study also included recommendations for a Higher Education Recruitment Strategy to be implemented as a Phase 2. There are five (5) tasks of Phase 2 to be executed by Mesa staff with targeted dates for completion. Feedback and additional suggestions would be appreciated.

1. Marketing Piece (Complete by January 3, 2011)

The development of a marketing piece showcasing downtown and city-owned sites utilizing Mesa's "Brand" is currently being developed by the City staff, and David Short, the new Downtown Mesa Association Executive Director.

2. Request for Information (December 2010, January 2011)

The Request for Information (RFI) will be written and disseminated to targeted higher educational institutions located in the United States. The objective of the RFI is to solicit interest in the City of Mesa as a location for their expansion project. The RFI will include key attributes of Mesa, and interested respondents will be asked to complete a brief questionnaire (approved by management) regarding their site location requirements, higher education offerings, project timeframe and other significant information.

3. Higher Education Scoring Matrix (December 2010, January 2011)

A spreadsheet matrix will aid in evaluating higher educational institutions responding to the City's RFI, or identified by the City through other means. It is envisioned that criteria most relevant to the City could be weighted (such as size of facility, number of jobs created, etc.) so that a total score reflects the significance of those criteria.

4. Target List (January 15, 2011)

A targeted prospect list will be developed to meet the City's criteria for educational institutions. The size of the list should include no less than 200 colleges/ universities.

5. Marketing Plan (February 15, 2011)

A marketing plan, calendar of marketing activities and budget requirements for developing implementation of the higher education initiative. A strategic marketing campaign would draw on the most effective methods, and could include a combination of the following: Events/conferences; Direct mail; Tours; and E-newsletters/web site.

Chair Crockett acknowledged that the City of Mesa is right on target with the Higher Education Strategy and inquired if there were other cities undertaking this type of endeavor.

Mrs. O'Donnell responded that there were other cities and they would be consulted for comments/suggestions regarding the development of the matrix.

Mr. Jabjiniak suggested that a subcommittee be formed to provide advice and assistance in developing the matrix and marketing section. He would consult with Chair Crockett to form the subcommittee.

Mrs. Wilson suggested looking at the value added from an institution and not repeat what is already here so as not to provide competition. She suggested focusing on classes that specialize or are unique and look to draw those types of institutions. She also suggested drawing upon and utilizing the established H.E.A.T. Initiative.

Mr. Steve Wood inquired if during the studies if any unique study results appeared.

Mrs. O'Donnell responded that it was pointed out to look for something that is a compliment rather than competitive. A faith based institution was mentioned numerous times. Surveys were done with high school students in Mesa and asked what they were looking for when they were planning on going to college. We also surveyed college students that were going to colleges outside this market. It is a two (2) prong approach in wanting to serve the local population and wanting it to become a destination higher education to bring in students outside the region as well. In turn outside dollars will be brought into the community.

Mr. Jared Langkilde commented there are exciting opportunities and possibilities for downtown Mesa with the Higher Education proposal. He encouraged Mrs. O'Donnell to not only focus on Liberal Arts education, but to also focus efforts on attracting the sciences, technical, engineering and mathematics skill sets at the four (4) year level. In addition to receiving the educational component you also will receive the spin-off jobs and/or relocation of headquarters to the area because of the available supply of qualified workers.

Mr. Christian Alder stated that cities that have strong educational colleges have not been as hard hit with the sluggish economy but have a better economy than those cities with weak educational colleges.

Mr. Steve Wood inquired how and what other cities are doing to attract higher educational institutions to the area.

Mrs. O'Donnell responded that Goodyear had aggressively pursued Pierce Franklin College from New Hampshire. Goodyear gave thirty (30) acres for the college to expand

there, but with the unstable economy the college returned the acreage and halted their expansion plans. It is unclear what the City of Peoria would be willing to do to make an investment.

Mrs. Benelli inquired as to the timeline for attracting a college.

Mrs. O'Donnell responded that work has already begun with several institutions and a Recruiting Trip was planned for January 4-6, 2011 and then also a trip in February. Once the RFI goes out then it will take approximately four (4) to six (6) months to establish the interested parties. Then an additional two (2) to three (3) years to actually become established.

She commented that she would be presenting the next steps on the Healthcare study to EDAB's next meeting scheduled for Tuesday, January 4, 2011.

Chair Crockett stated that the EDAB Board is a strong supporter of the Higher Education Strategy endeavors and is an important part of the economic development. He also would consult with Mr. Jabjiniak to help form a subcommittee to provide help with the Higher Education project.

8. Director Report

Mr. William Jabjiniak reported that a "Draft" Request for Qualifications (RFQ) has been given to the Cubs for review. The Request will be for Design-team candidates with a release of the RFQ planned by the end of December. A Design-team will then be chosen within sixty (60) days, with a general contractor chosen by the end of April. The Cubs facility is still in the preliminary stages, but the processes have started. A six (6) person project team will consist of three (3) Mesa officials: Chris Brady, Beth Huning and Marc Heirshberg along with Cubs owner Todd Ricketts and two (2) others from the Cubs.

The first step in the process is for an Architect to be chosen to design the project. Waveyard has until July 2011 to decide their role in the project.

Chair Crockett inquired if the process had started to find another sports team to fill Hohokam Stadium after the Cubs leave.

Mr. Jabjiniak responded that the process had already been started awhile back. Mr. Robert Brinton has been out promoting to other teams in the Grapefruit League and the City has been looking into possibly a soccer team.

Other reminders included:

- Light Rail Extension Public Open House, December 10, at 9-10 a.m. or 6-8 p.m., held at OneOhOne Gallery, 101 West Main Street, Mesa.
- Local Redevelopment Authority (LRA) Public Meeting, December 16 at 6:00 p.m. held at Phoenix-Mesa Gateway Airport Conference Room, 5835 South Sossaman Road, Mesa.

9. GPEC Update

Mr. Brian Campbell commented there were two (2) main points coming out of GPEC. One (1) is that the Economic Development legislation is primarily focusing on the endeavors in revising/rewriting the Enterprise Zone policy for the State is progressing. Mr. Don Smith at Science Center Foundation of Arizona (SCF Arizona) is heading up that endeavor. State Representative Kirk Adams is a strong supporter in helping to revise the Enterprise Zone program. Several of the revisions/rewrite encompasses taking the successful principals from the Renewable Energy Program, which made money for the State due to the Tax Credits for the new jobs that came into the State. These principals were then applied to the Enterprise Zone Program. Negotiations were completed with several rural representatives to replicate the program to include a rural and metropolitan component using different triggers to obtain the benefits. The important aspect of the Enterprise Zone rewrite is that it will have a local control component. If the City Council does/or does not want to give the benefits contemplated under the Program then they will have the ultimate veto power. This is a critical piece to kept local control as the process goes through.

Another piece coming out of GPEC is a marketing piece directed at the Legislatures to provide them with an educational understanding and background history on how the aviation, defense and semi-conductor industries were built in the state and the importance of having strong leadership and support for the present and future of the State.

Mr. Jabjiniak commented that the City did receive commitments from two certified entities within the current Enterprise Zone area. There is one (1) more entity that our office has been working with to become certified as well. There is activity and interest in our Enterprise Zone in the redevelopment area as well.

Chair Crockett thanked Mr. Campbell for all his work as a GPEC Representative and representing the City of Mesa.

10. Other Business

Mr. Christian Alder announced his impending move out of state to accept a job near the San Francisco Bay area. He commented that when everything was finalized he would be tendering his resignation to the EDAB Board.

Chair Crockett and Mr. Jabjiniak thanked Mr. Alder for his years of service to the EDAB Board and Mesa and wished him well in his new job.

Chair Crockett and Mr. Jabjiniak gave recognition to Mr. Charlie Deaton's retirement as of December 30, 2010. They thanked Mr. Deaton for his years of service to the EDAB Board and to Mesa.

Mr. Deaton responded and thanked the EDAB Board for their support of the Chamber of Commerce and the opportunity to service on the Board. He said he hoped the support would continue when the new Director is hired.

Ms. Jo Wilson announced that a little over a year ago MCC opened a new campus building and applied for a LEED certification. This past month MCC Red Mountain was notified they were awarded a LEED Gold Certification Certificate for their building.

Mr. Jabjiniak wished everyone a safe and Happy Holiday season.

Chair Crockett thanked the Board for their time and efforts during the year. It has been a great year with much being accomplished. He thanked and commended Mr. Jabjiniak and staff for all their work and last, but not least thanked Mrs. Betsy Adams for her dedication in setting-up the meetings, room set-up, clean-up, and excellent minute taking.

Chair Crockett reminded the EDAB members of the next scheduled meeting on January 4, 2011 to be held at the City of Mesa Council Chambers, Lower level, 57 E. 1st Street, Mesa, AZ 85201.

11. Adjournment

Chair Crockett adjourned the meeting at 9:07 a.m.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Betsy Adams)